

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6411**

**BILL NUMBER: SB 538**

**DATE PREPARED:** May 2, 2001

**BILL AMENDED:** Apr 29, 2001

**SUBJECT:** Child Intervention Program.

**FISCAL ANALYST:** Kathy Norris

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**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (CCR Amended) This bill allows the Division of Mental Health to award grants to local units of government for the establishment of local programs responsible for developing a coordinated, family centered, community-based system of services for children with serious emotional disturbances and their families.

This bill also provides that the Division of Family and Children may not initiate a court proceeding to terminate parental rights or transfer legal custody, or require a parent to agree to the termination of parental rights or transfer of custody, of a child with certain disorders who is voluntarily placed out of the home in order to receive treatment. The bill allows the Division and parent to sign a voluntary placement agreement. (The introduced version of this bill was prepared by the Indiana Commission on Mental Health.)

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) This bill establishes the Dawn Project Grant Program to be administered by the Division of Mental Health. The Division is directed to provide technical assistance for the five grants that they may award. The bill does not appropriate funds for the grants. Grants would be required to be funded within the current level of resources available to the Division.

The Dawn Project Program is a method of funding services for children with severe emotional disturbances that was first piloted in Marion County. The Project blends the funding streams from Child Welfare, Juvenile Justice, State or local education appropriations, the Division of Mental Health and other agencies to provide a managed-care approach to children who have had multiple encounters with the system due to severe emotional problems. The plan also includes a risk-sharing component with the mental health organizations that manage the care of eligible children and their families.

This bill also requires that the Division of Family and Children may not require relinquishment of a child's custody as a condition for the receipt of services or care delivered or funded by the Division of Family and

Children. The bill addresses the needs of children with severe emotional, behavioral, or mental disorders whose parents are financially unable to provide the necessary treatment whether that care is residential care or community-based services. The Division's county Offices of Family and Children supervise the care and placements of children declared by a court to be "Children in Need of Services" (CHINS). The Division does not currently fund the cost of residential placements or most treatment services provided for CHINS - the County Family and Children Fund is the source of these payments. County wards are eligible for Medicaid benefits and the counties contribute towards the State share of the Medicaid Program cost for county wards through the Medical Assistance for Wards property tax levy.

In order to implement this bill, the Division has agreed to a program for voluntary placements for children with severe emotional, behavioral, or mental disorders. Local funding, the Department of Education's "S-5" program, and/or a Medicaid waiver may be sources of funds available for the provisions of this bill since the Division does not currently fund the cost of treatment services provided to Children in Need of Services.

The State of Colorado implemented a similar statutory provision two years ago. The Colorado statute also was limited to out-of-home placements. The program was authorized to be funded at \$225,000 annually in anticipation of some significant demand. Approximately \$80,000 was expended in the first year. Colorado program staff speculated that cumbersome financing requirements limited participation. The Colorado staff also commented that providing only residential care was not addressing all the problems encountered by the participating families. Step-down care, such as therapeutic foster care, day treatment, and outpatient therapies are not covered by a program that provides for residential treatment only.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) This bill addresses children with severe emotional, behavioral, or mental disorders whose parents are financially unable to provide the necessary treatment, whether that care is residential care or community-based services. Parents are attempting to access services provided to children declared by the court to be a "child in need of services" (CHINS), presumably under the CHINS classification found at IC 31-34-1-6. This statutory provision defines a child as a Child in Need of Services if the child substantially endangers the child's own health or the health of another and the child needs care, treatment, or rehabilitation that it is not receiving or is unlikely to be provided or accepted without the coercive intervention of the court. Once a court finds a child to be a CHINS, supervision of the child is ordered to be the responsibility of the County Office of Family and Children. Funds to pay for the services provided to CHINS are paid from the county Family and Children Fund which is funded by a local property tax levy. Once a child becomes a ward of the County, the child is eligible for Medicaid benefits. Counties contribute toward the State share of the Medicaid Program cost for the wards through the Medical Assistance for Wards property tax levy. The Division's interpretation of the CHINS statute was that it has no provisions for voluntary placements with subsequent payment by the counties for services. The Division has agreed to revise their requirements to implement this bill.

**Explanation of Local Revenues:** The bill would allow up to five local units of government to receive Dawn Project Grants. A single grant could have a targeted service area of more than one county.

**State Agencies Affected:** Family and Social Services Administration, Division of Mental Health and the Division of Family and Children; Department of Education, Division of Special Education.

**Local Agencies Affected:** Local courts with juvenile jurisdiction; Local juvenile justice agencies and Community Mental Health Centers.

**Information Sources:** Amy Brown, Legislative Liaison for the Division of Family and Children, (317)232-4451; William Bane, MSW., Program Administrator, Child and Family Services, Colorado Mental Health Services, Denver, Co. (303) 866-7406. “Relinquishing Custody, The Tragic Result of Failure to Meet Children’s Mental Health Needs” the Bazelon center for Mental Health Law, March 2000. “Staying Together, Preventing Custody Relinquishment for Children’s Access to Mental Health Services”, Bazelon Center for Mental Health Law and the Federation of Families for Children’s Mental Health, November 1999.